The "Taking of spectrum 1..2..$3" is happening even as we speak.
Read this just released article from seeking alpha:
http://seekingalpha.com/article/1020881-clearwire-s-story-is-anything-but-clear?source=yahoo
"Clearwire's Story Is Anything But Clear
November 20, 2012 by: WM Analyst | about: CLWR Disclosure: I have no positions in any stocks mentioned, but may initiate a long position in CLWR over the next 72 hours. I wrote this article myself, and it expresses my own opinions. I am not receiving compensation for it (other than from Seeking Alpha). I have no business relationship with any company whose stock is mentioned in this article. (More...)
Recent events have raised significant questions regarding the future of Clearwire Corporation (CLWR). First, in light of SoftBank's purchase of Sprint (S) it was unclear weather Clearwire was included and would remain a corporation with an independent board. Second, stockholders of the company are becoming curious about what the company will do with its excess spectrum and debt crisis. The goal of this article is to answer both questions as well as give a future outlook for the company.

During the company's most recent conference call, the Q&A session discussing current management and ownership at Clearwire confused listeners. Donna Jaegers, a researcher at Davidson & Co., asked a question about that, and after management's response she retorted, "Clear as mud. So, on to the next question." The directors on the call could not clearly explain their own management situation.

Furthermore, in the beginning of November Mount Kellett, a 7.3% holder of Clearwire, voiced its concerns about management. In a letter addressed to Clearwire, Jonathan Fiorello, the Chief Operating Officer of Mount Kellett, wrote:

Holding on to excess spectrum and letting that value accrue to Sprint, so that Sprint can purchase the Company's excess spectrum cheaply would be an egregious violation of stockholder interests. If the Board instead does nothing ... we intend to consider all available measures to hold both the Board and Sprint and its affiliates responsible for any losses inflicted upon the public stockholders as a result.

Meanwhile, Clearwire currently sits on the "largest supply of available capacity in wireless today, with an average of 160 megahertz of spectrum in the top 100 markets," as stated by CEO Erik E. Prusch and confirmed by ABI Research. Clearwire holds a plethora of spectrum; it stands as a bank of spectrum that can lease space to service providers and bring in returns to give the company value tenfold of its current value. So how does Clearwire change its business model and make a comeback as a growth story?

Spectrum Squeeze

IDC predicts that global smartphone shipments will grow by a five-year CAGR of 20% through 2016, with over 1.2 billion smartphone shipments forecast for 2016. This limited spectrum is already felt by consumers in areas where large amounts of people congregate, such as malls and stadiums.

Jonathan Spalter, chairman at Mobile Future, stated:

Rapidly growing adoption and limited spectrum resources is a losing combination for the 330 million wireless connections used by American consumers.

The U.S. government has assigned just 409.5 MHz of spectrum to support commercial wireless services, according to the CTIA Wireless Foundation, while 85% of the crucial spectrum needed to support consumer demand is occupied primarily by government agencies and television broadcasters.

Click to enlarge image.

Clearwire's Spectrum Holdings

Clearwire owns most of the 2500 MHz spectrum. The spectrum is better than the other bands for satisfying the growing demand for bandwidth. As management has explained repeatedly, the higher frequencies permits more efficient use of spectrum for high-volume data applications. Since Clearwire has wider bands of contiguous spectrum than all other players, like Verizon (VZ) and AT&T (T), it can load a lot more customers on their network and provide each of them with higher bandwidth applications, such as streaming videos or downloading applications.

John C. B. Saw, chief technology officer and senior VP, stated in Clearwire's Q3 earnings report, that SoftBank, Japan's mobile giant, has been advertising some tremendously fast speeds (110 megabit per second) for its TDD network. To offer a comparison, Verizon's fastest speed on its 4G LTE network is about 30 megabits per second downloaded.

TDD LTE Is Emerging Globally

China Mobile (CHL), the world's largest operator by far and worth $1.1 trillion with over 600 million customers, has begun deploying TDD LTE in the country's largest cities and will begin commercial deployments by the end of 2012. China Mobile plans to deploy TDD LTE to 20,000 cell sites by the end of 2012 and expects to grow to 200,000 sites by the end of 2013.

SoftBank, with approximately 30 million customers, commercially launched TDD LTE in November 2011 through its Wireless City Planning subsidiary. SoftBank is initially deploying service in 30 cities, with plans to introduce XGP Smartphone's by Q4 2012. Similar to Clearwire's plans, SoftBank has deployed service in Band 41. The company plans to use its 30MHz of available bandwidth to gain a competitive advantage against more spectrally challenged competitors in the market, building out an extremely dense network of approximately 160,000 small cells initially.

Clearwire's Spectrum Value

Clearwire's CFO stated during the Q4 2011 conference call:

I think 80 megahertz to 100 megahertz is what we need ... but we've got 160 megahertz, so we definitely have some room.

The company owns on average at least 60-80 MHz of excess spectrum capacity within its footprint, when spectrum is in short supply and commands premium prices. In 2008, Comcast, Time Warner Cable, Intel (INTC), and Google (GOOG) estimated $0.35 per MHz-Pop when they invested $3.2 billion in Clearwire. The most recent comparable spectrum transaction is AT&T's purchase of NextWave at $0.38 MHz POP of useable spectrum, when NextWave was a distressed seller that was in default on its debt agreements. Using this as a benchmark, Clearwire could generate gross proceeds of roughly $8 billion if it sold its entire excess spectrum, an amount that exceeds the current enterprise value of the company. Assuming the sale of only a substantial portion but not all, Clearwire's liquidity issues would be resolved.

If AT&T is willing to risk $4 billion just for the potential opportunity to buy T-Mobile for $39 billion, with the stated primary motivation that they need more spectrum, they would almost certainly pay $9 billion to actually complete an acquisition of Clearwire, which has 2.5x the spectrum that T-Mobile owns. Additionally, Verizon just paid $3.6 billion for 20MHz of spectrum covering most of the U.S. It stands to reason that they would pay 2.5 times that amount for nearly nine times the spectrum if Clearwire was for sale.

Clearwire's Potential as Spectrum Leaser

Clearwire's ability to provide wholesale high-speed mobile connectivity extends well beyond the immediate opportunity with mobile operators. In addition to traditional MVNOs, there are a myriad of potential partners that could enter into similar arrangements to provide high-speed connectivity. The list of potential partners could include big-box retail chains that could provide branded high-speed data service provided by Clearwire as well as consumer electronics manufacturers that could embed wireless connectivity into a number of devices.

An even larger longer-term opportunity exists within the realm of machine to machine, in which machines communicate with each other with no human interaction required. Verticals at the forefront of machine to machine adoption include transportation, retail, utilities, insurance, and auto manufacturing, where the benefits of and business models supporting machine to machine are fairly easily understood.

So What Can Clearwire Do?

The standstill agreement presented in the fourth quarter of 2011 prohibits Sprint from acquiring 100% of the outstanding common stock of the company, unless the acquisition has been approved by a majority of both the board of directors and stockholders of Clearwire that are unaffiliated with Sprint. The company's 2011 MVNO agreement with Sprint clearly defines Excess Capacity and Clearwire's ability to sell, transfer, license, lease, or otherwise dispose of excess spectrum.

Below is a quote from the Q&A dialogue (referenced above) from the previous conference call between Jaegers and Hope F. Cochran, the CFO and senior VP at Clearwire, that highlights the position Clearwire is currently taking in solving its debt problems:

Jaegers: what portion of spectrum or how much of book value could you sell without getting -- without having to ask the board?

Cochran: If it's 20% more than our assets and our assets are about that $8 billion number, then it requires a larger vote by the board, meaning 10 out of 13, meaning if it's less than 20%. ...As we indicated earlier, our vote -- our board is primarily all independent right now, so that has not posed a problem.

Jaegers: Have you looked at other backhaul opportunities that you could do with your spectrum?

Cochran: Yes, we have looked at opportunities of how we can help with the backhaul opportunity, and it all comes down to really the business case. We can certainly support in-band backhaul with a vast spectrum resources we have, but we also want to be opportunistic in a sense that are we better off in terms of leveraging our spectrum for access where we have a growing global ecosystem supporting it now? Or do we want to dedicate it for in-band backhaul for small cells? I would say that's a good problem to have. I think we're working through all the pros and cons, but certainly it is an opportunity.

Conclusion

Clearwire's management continues to be vague at this point regarding what direction it will take in resolving its debt crisis. But in truth, either direction Clearwire takes will give it a far greater value than it has today. As quotes above, "that's a good problem to have."

The first way would be for Clearwire to continue as it has for the past few years, expanding its infrastructure and accepting cash infusions from its parent Sprint or grandparent (so to speak) Softbank. This would allow Clearwire to avoid bankruptcy and increase its value in assets. Alternatively, Clearwire could sell or lease excess spectrum to clear the company's debt, which would give the company value greater than its $8 billion assets.

Granted, Clearwire seems to be a risky pick as its current cash burn rate will put it in bankruptcy in less than a year, but at that fiscal cliff the company will be forced to slow its infrastructure growth and begin making profits on its current assets. Clearwire realizes this, but is not making any moves at this point to clear up its debt. Time is value in this spectrum race, and as the company takes a bold step forward and continues to develop, this is a great sign for investors."

and a recent message from the yahoo message board:
"

Breaking News at Oppenheimer

By sandpaints.38 minutes ago.Permalink
.

Analysts at Oppenheimer commented on Clearwire Corporation (NASDAQ: CLWR) and Leap Wireless (NASDAQ: LEAP) Tuesday in light of MetroPCS's (NYSE: PCS) proxy filing.
.
1users liked this posts1users disliked this posts
Reply
Ignore User
|
Report Abuse
..

Source:

By sandpaints.36 minutes ago.Permalink

.

Source: TheStreet: Sprint Could Buy Clearwire (CLWR) for $2.50/Share, Then Move to Leap Wireless (LEAP) - Analyst

"